

HOUSE BILL REPORT

ESB 5288

As Passed House:
March 2, 2018

Title: An act relating to authorizing certain public transportation benefit areas to impose a sales and use tax increase approved by voters.

Brief Description: Authorizing certain public transportation benefit areas to impose a sales and use tax increase approved by voters.

Sponsors: Senators Hunt, Liias and Kuderer.

Brief History:

Committee Activity:

Finance: 2/19/18, 2/22/18 [DP].

Floor Activity:

Passed House: 3/2/18, 57-41.

Brief Summary of Engrossed Bill

- Increases the rate of sales and use tax that may be imposed by certain public transportation benefit areas.

HOUSE COMMITTEE ON FINANCE

Majority Report: Do pass. Signed by 6 members: Representatives Lytton, Chair; Frame, Vice Chair; Dolan, Pollet, Springer and Wylie.

Minority Report: Do not pass. Signed by 3 members: Representatives Orcutt, Assistant Ranking Minority Member; Condotta and Wilcox.

Minority Report: Without recommendation. Signed by 2 members: Representatives Nealey, Ranking Minority Member; Stokesbary.

Staff: Rachele Harris (786-7137).

Background:

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Public transit systems are special districts that are authorized to provide public transportation service within specific boundaries. Transit systems are formed under a variety of governance structures, including Public Transportation Benefit Areas (PTBAs), Metropolitan Municipal Corporations (Metros), Transportation Benefit Districts (TBDs), county transportation authorities, city-owned transit systems, and regional transit authorities.

"Public transportation service" refers to the provision of transportation for packages, passengers, and their incidental baggage (by means other than chartered bus or sightseeing bus), along with the necessary passenger terminals and parking facilities, or other properties necessary for passenger and vehicular access to and from such systems. In the case of some PTBAs, service can also include passenger-only ferry service.

In addition to setting and raising fares, a public transit system or legislative body may seek voter approval to impose a local sales and use tax of up to 0.9 percent to fund transit services. Most transit systems are also permitted to seek approval for a business and occupation tax and a household tax in lieu of a sales and use tax. Certain municipal transit authorities serving counties with large populations are permitted to levy an additional sales and use tax of up to 0.3 percent.

Summary of Bill:

The legislative body of a PTBA located in a county with a population of more than 250,000 and less than 400,000, that also contains two or more cities with a population of 40,000 or more, is granted authority, subject to voter approval, to impose a sales and use tax of up to 0.3 percent that is in addition to any previously authorized public transportation-related sales and use taxes imposed.

Based on the 2016 Office of Financial Management population estimates, the bill would only apply to Thurston County's PTBA, Intercity Transit, which currently levies a sales and use tax of 0.8 percent. The bill would permit Intercity Transit to seek voter approval to impose a rate of up to 1.2 percent.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect on August 1, 2018.

Staff Summary of Public Testimony:

(In support) The revenue package that the Legislature passed a few years ago left out Intercity Transit. The twenty-second district, Thurston County, and other local governments support this bill. This will help to continue improving and expanding Intercity Transit. The transit system serves a population of 180,000 people over 100 square miles. Intercity Transit provides fixed route services, dial-a-lift services, and 180 vanpools serving nine counties. These services take 1,200 vehicles off the road on a daily basis. The community wants more service than Intercity Transit can afford to provide. Recent reductions in federal funding for public transit mean Intercity Transit cannot replace buses, let alone expand services. The last

time a transit tax like this was put to a vote of the people was in 2010. This was during the peak of the recession and the tax still passed with 64 percent of the vote. Community Transit in Snohomish County has the same authority, so it would be fair to allow Thurston County to have the same opportunities. A good public transit system is intimately intertwined with a healthy community, and Intercity Transit works hard to improve the community. Intercity Transit has been a great steward of public funds. The county is growing, which will place new burdens on the transit system. Good transit will help the county retain competitiveness and create new jobs. Students depend on the transit system, and it is often their primary mode of transportation. Recruitment to get people into our communities and to develop the economy is done by partnering with great transit systems such as Intercity Transit. Site selectors look for land, labor, and infrastructure systems that work, including a good public transit system. Expanding Intercity Transit will allow the county and surrounding area to remain economically competitive.

(Opposed) None.

Persons Testifying: Senator Hunt, prime sponsor; Ann Freeman, Intercity Transit; Bud Blake, Thurston County Board of Commissioners; Michael Cade, Thurston Economic Development Council; and Walter Smit.

Persons Signed In To Testify But Not Testifying: None.